

TOWN OF IOWA, LOUISIANA
ANNUAL FINANCIAL REPORT
JUNE 30, 2010

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Release Date 2/2/11

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TOWN OF IOWA, LOUISIANA

ANNUAL FINANCIAL REPORT
Year Ended June 30, 2010

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TOWN OF IOWA, LOUISIANA

June 30, 2010

MAYOR

The Honorable C. J. Scheufens

TOWN COUNCIL

Mr. Gerald Guidry
Mr. Larry Hardy
Mr. Jerry Lapearous

Mr. Thomas Talbot
Ms. Calvin Caesar

LEGAL COUNSEL

Mr. Eugene Bouquet

TOWN CLERK

Ms. Sandra Turley

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McELROY, QUIRK & BURCH

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04358.000 Audit 6/30/2010 1100 021 financial report

Robert M. Gani, CPA, MT
Mollie C. Broussard, CPA
Jason L. Guillory, CPA
Greg P. Naquin, CPA, CFP®
Billy D. Fisher, CPA
Joe C. Peshoff, II, CPA, CVA

Michael N. McGee, CPA
David M. DesOrmeaux, CPA
Paula J. Thompson, CPA



Oray J. Woods, Jr., CPA, Inactive
Robert E. Cargile, CPA, Inactive
William A. Mancuso, CPA, Inactive
Barbara Hutson Gonzales, CPA, Retired
Judson J. McCann, Jr., CPA, Retired
Martin L. Chichotsky, CPA, CFE
Carl W. Comeaux, CPA, Retired
Gus W. Schram, III, CPA, CVA, Retired

CFE - Certified Fraud Examiner
MT - Masters of Taxation
CVA - Certified Valuation Analyst
CFP - Certified Financial Planner

REPORT OF INDEPENDENT AUDITORS

Honorable Mayor and Town Council
Town of Iowa
Iowa, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Iowa, Louisiana as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Iowa, Louisiana as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and the major special revenue funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2010, on our consideration of the Town of Iowa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Town of Iowa, Louisiana has not prepared management's discussion and analysis that the accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Iowa's financial statements as a whole. The introductory section and combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Ms Eloy Quirk & Burch

Lake Charles, Louisiana
November 30, 2010

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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TOWN OF IOWA, LOUISIANA

GOVERNMENT-WIDE
STATEMENT OF NET ASSETS
June 30, 2010

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 3,388,485	\$ 125,278	\$ 3,513,763
Certificates of deposit	165,590	-	165,590
Investments	1,183,151	329,664	1,512,815
Receivables (net, where applicable, of allowance for uncollectibles):			
Taxes	6,780	-	6,780
Accounts	73,771	88,913	162,684
Intergovernmental	16,383	-	16,383
Grants	56,486	-	56,486
Internal balance	1,166	(1,166)	-
Prepaid expenses	-	16,586	16,586
Deposits	-	100	100
Restricted assets:			
Customers' deposits-cash	-	69,135	69,135
Construction deposit	5,000	-	5,000
Capital assets:			
Land, improvements and construction in progress	203,097	4,002	207,099
Other capital assets, net of depreciation	<u>1,897,368</u>	<u>2,495,341</u>	<u>4,392,709</u>
Total assets	<u>6,997,277</u>	<u>3,127,853</u>	<u>10,125,130</u>
<u>LIABILITIES</u>			
Accounts payable	67,081	12,591	79,672
Other payables	22,637	3,292	25,929
Payable from restricted assets:			
Customer deposits	-	69,135	69,135
Construction deposit payable	5,000	-	5,000
Noncurrent liabilities:			
Due within one year	32,464	-	32,464
Due in more than one year	<u>34,543</u>	<u>-</u>	<u>34,543</u>
Total liabilities	<u>161,725</u>	<u>85,018</u>	<u>246,743</u>
<u>NET ASSETS</u>			
Investment in capital assets, net of related debt	2,033,458	2,499,343	4,532,801
Restricted:			
Sales tax	3,195,192	-	-
Fire district	500,666	-	-
Capital projects	16,085	-	-
Asset forfeitures	4,601	-	-
Unrestricted	<u>1,085,550</u>	<u>543,492</u>	<u>5,345,586</u>
Total net assets	<u>\$ 6,835,552</u>	<u>\$ 3,042,835</u>	<u>\$ 9,878,387</u>

See accompanying notes to financial statements

TOWN OF IOWA, LOUISIANA

GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES
Year Ended June 30, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Government activities:				
General government	\$ 441,717	\$ 156,085	\$ 225,769	\$ -
Public safety	1,130,400	366,369	127,002	-
Highway and streets	566,424	-	-	-
Culture and recreation	150,531	-	19,000	-
Drainage	44,591	-	2,250	55,488
Total governmental activities	<u>2,333,663</u>	<u>522,454</u>	<u>374,021</u>	<u>55,488</u>
Business-type activities:				
Water utility	492,455	290,901	-	-
Sanitation	797,454	548,611	-	-
Total business-type activities	<u>1,289,909</u>	<u>839,512</u>	<u>-</u>	<u>-</u>
Total government	<u>\$ 3,623,572</u>	<u>\$ 1,361,966</u>	<u>\$ 374,021</u>	<u>\$ 55,488</u>
General revenues:				
Ad valorem taxes				
Sales taxes				
Franchise taxes				
Gaming taxes				
Other taxes				
Intergovernmental				
Interest earned				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets at beginning of year				
Net assets at end of year				

See accompanying notes to financial statements

Net (Expenses) Revenue and Changes in Net Assets		
Governmental Activities	Business Type Activities	Total
\$ (59,863)	\$ -	\$ (59,863)
(637,029)	-	(637,029)
(566,424)	-	(566,424)
(131,531)	-	(131,531)
<u>13,147</u>	<u>-</u>	<u>13,147</u>
<u>(1,381,700)</u>	<u>-</u>	<u>(1,381,700)</u>
-	(201,554)	(201,554)
-	(248,843)	(248,843)
-	(450,397)	(450,397)
<u>(1,381,700)</u>	<u>(450,397)</u>	<u>(1,832,097)</u>
148,674	-	148,674
1,246,071	-	1,246,071
169,828	-	169,828
100,837	-	100,837
10,293	-	10,293
10,314	-	10,314
19,510	770	20,280
24,547	312	24,859
<u>(166,086)</u>	<u>166,086</u>	<u>-</u>
<u>1,563,988</u>	<u>167,168</u>	<u>1,731,156</u>
182,288	(283,229)	(100,941)
<u>6,653,264</u>	<u>3,326,064</u>	<u>9,979,328</u>
<u>\$ 6,835,552</u>	<u>\$ 3,042,835</u>	<u>\$ 9,878,387</u>

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FUND FINANCIAL STATEMENTS

TOWN OF TOWA, LOUISIANA

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2010

<u>ASSETS</u>	<u>General</u>	<u>Water Improvements</u>	<u>Streets II</u>
Cash	\$ 829,667	\$ 1,185,030	\$ 450,883
Certificate of deposit	-	-	-
Investments	236,759	736,495	58,001
Receivables (net, where applicable, of allowance for uncollectibles):			
Taxes	2,202	-	-
Accounts	71,393	-	1,689
Grants	22,557	-	33,928
Intergovernmental	-	-	-
Due from other funds	4,408	39,536	38,636
Restricted assets:			
Construction deposit	5,000	-	-
Total assets	<u>\$ 1,171,986</u>	<u>\$ 1,961,061</u>	<u>\$ 583,137</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Accounts payable	\$ 11,085	\$ -	\$ 555
Other payables	21,572	-	-
Payable from restricted assets:			
Construction deposit payable	5,000	-	-
Due to other funds	48,779	14,546	22,011
Total liabilities	86,436	14,546	22,566
Fund balances:			
Unreserved	1,085,550	1,946,515	560,571
Total liabilities and fund balances	<u>\$ 1,171,986</u>	<u>\$ 1,961,061</u>	<u>\$ 583,137</u>

Amounts reported for governmental activities in
the statement of net assets is different because:
Total fund balance - total governmental funds
Capital assets used in governmental activities
are not financial resources and, therefore,
are not reported in the funds
Long-term liabilities, including bonds payable, are
not due and payable in the current period and,
therefore, are not reported in the funds

Total net assets - governmental activities

See accompanying notes to financial statements

<u>Sales Tax III</u>	<u>Fire Protection</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 439,177	\$ 329,631	\$ 154,097	\$ 3,388,485
-	157,574	8,016	165,590
151,896	-	-	1,183,151
-	4,578	-	6,780
-	-	689	73,771
-	-	-	56,485
-	16,383	-	16,383
2,797	-	1,126	86,503
-	-	-	5,000
<u>\$ 593,870</u>	<u>\$ 508,166</u>	<u>\$ 163,928</u>	<u>\$ 4,982,148</u>

\$ 48,600	\$ 6,435	\$ 406	\$ 67,081
-	1,065	-	22,637
-	-	-	5,000
-	-	-	85,336
48,600	7,500	406	180,054
<u>545,270</u>	<u>500,666</u>	<u>163,522</u>	<u>4,802,094</u>
<u>\$ 593,870</u>	<u>\$ 508,166</u>	<u>\$ 163,928</u>	<u>\$ 4,982,148</u>

\$ 4,802,094

2,100,465

(67,007)

\$ 6,835,552

TOWN OF IOWA, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

Year Ended June 30, 2010

	General	Special Revenue	
		Water Improvements	Streets II
Revenues:			
Tax revenue	\$ 514,931	\$ 398,743	\$ 323,979
Licenses and permits	127,524	-	-
Intergovernmental	195,929	-	-
Charges for services	18,395	-	-
Fines and forfeits	366,369	-	-
Interest earned	2,495	3,935	677
Fire insurance	-	-	-
Grants	106,576	-	35,412
Miscellaneous	23,880	-	366
Total revenues	<u>1,356,099</u>	<u>402,678</u>	<u>360,434</u>
Expenditures:			
Current:			
General government	352,654	-	-
Public safety	999,992	-	-
Highways and streets	24,865	-	311,137
Culture and recreation	-	-	-
Fire protection district	-	-	-
Other services and charges	-	38,758	-
Total expenditures	<u>1,377,511</u>	<u>38,768</u>	<u>311,137</u>
Excess (deficiency) of revenues over expenditures	<u>(21,412)</u>	<u>363,910</u>	<u>49,297</u>
Other financing sources (uses):			
Operating transfers in	103,292	-	123,744
Operating transfers out	(123,744)	(157,086)	(60,239)
Total other financing sources (uses)	<u>(20,452)</u>	<u>(157,086)</u>	<u>63,505</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(41,864)</u>	<u>206,824</u>	<u>112,802</u>
Fund balance at beginning of year	<u>1,127,414</u>	<u>1,739,691</u>	<u>447,769</u>
Fund balance at end of year	<u>\$ 1,085,550</u>	<u>\$ 1,946,515</u>	<u>\$ 560,571</u>

See accompanying notes to financial statements

<u>Sales Tax III</u>	<u>Fire Protection</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 249,214	\$ 89,150	\$ 99,686	\$ 1,675,703
-	-	-	127,524
-	12,980	-	208,909
-	-	-	18,395
-	-	-	366,369
5,814	4,475	2,114	19,510
-	9,948	-	9,948
73,738	7,665	7,741	231,132
-	45	256	24,547
<u>328,766</u>	<u>124,263</u>	<u>109,797</u>	<u>2,682,037</u>
15,928	-	-	368,582
-	-	-	999,992
185,377	-	-	521,379
109,280	-	103,152	212,432
-	67,873	-	67,873
3,013	-	-	41,781
<u>313,598</u>	<u>67,873</u>	<u>103,152</u>	<u>2,212,039</u>
<u>15,168</u>	<u>56,390</u>	<u>6,645</u>	<u>469,998</u>
-	-	6,947	233,983
(50,000)	-	(9,000)	(400,069)
(50,000)	-	(2,053)	(166,086)
(34,832)	56,390	4,592	303,912
<u>580,102</u>	<u>444,276</u>	<u>158,930</u>	<u>4,498,182</u>
<u>\$ 545,270</u>	<u>\$ 500,666</u>	<u>\$ 163,522</u>	<u>\$ 4,802,094</u>

TOWN OF IOWA, LOUISIANA

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2010

Amounts reported for governmental activities in the
statement of activities different because:

Net change in fund balance - total governmental funds \$ 303,912

Governmental funds report capital outlays as expenditures.

However, in the statement of activities the costs of
those assets is allocated over their estimated useful
lives and reported as depreciation expense. This is
the amount by which capital outlays exceeded depreciation
in the current period. (54,617)

The issuance of long-term debt provides current financial
resources to governmental funds, while the repayment of
the principal of long-term debt consumes the current
financial resources of governmental funds. Neither
transaction, however, has any effect on net assets.
This amount is the net effect of these differences in
the treatment of long-term debt and related items. (67,007)

Change in net assets of governmental activities \$ 182,288

See accompanying notes to financial statements

TOWN OF IOWA, LOUISIANA
GENERAL FUND

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended June 30, 2010

	Budgeted Amounts			Variance With Final Budget Positive (Unfavorable)
	Original	Final	Actual	
Revenues:				
Tax revenue	\$ 543,392	\$ 516,932	\$ 514,931	\$ (2,001)
Licenses and permits	135,700	130,500	127,524	(2,976)
Intergovernmental	195,616	195,916	195,929	13
Charges for services	19,145	19,145	18,395	(750)
Fines and forfeits	409,800	409,800	366,369	(43,431)
Interest earned	7,800	2,200	2,495	295
Grants received	19,900	105,652	106,576	924
Miscellaneous	7,200	19,200	23,880	4,680
Total revenues	<u>1,338,553</u>	<u>1,399,345</u>	<u>1,356,099</u>	<u>(43,246)</u>
Expenditures:				
Current:				
General government	372,890	374,235	352,654	21,581
Public safety	831,365	984,050	999,992	(15,942)
Highways and streets	27,900	27,900	24,865	3,035
Total expenditures	<u>1,232,155</u>	<u>1,386,185</u>	<u>1,377,511</u>	<u>8,674</u>
Excess (deficiency) of revenues over expenditures	106,398	13,160	(21,412)	(34,572)
Other financing sources (uses):				
Operating transfers in (out)	<u>(20,412)</u>	<u>(20,412)</u>	<u>(20,452)</u>	<u>(40)</u>
Excess (deficiency) of revenue and other financing sources over expenditures and other uses	85,986	17,252	(41,864)	(34,612)
Fund balance at beginning of year	<u>1,127,414</u>	<u>1,127,414</u>	<u>1,127,414</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,213,400</u>	<u>\$ 1,120,162</u>	<u>\$ 1,085,550</u>	<u>\$ (34,612)</u>

See accompanying notes to financial statements

TOWN OF IOWA, LOUISIANA
SALES TAX - WATER IMPROVEMENTS

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

Year Ended June 30, 2010

	Budgeted Amounts			Variance With Final Budget Positive (Unfavorable)
	Original	Final	Actual	
Revenues:				
Tax revenue	\$ 432,668	\$ 401,308	\$ 398,743	\$ (2,565)
Interest earned	16,000	3,600	3,935	335
Total revenues	448,668	404,908	402,678	(2,230)
Expenditures:				
Current:				
Other services and charges	419,000	119,400	38,768	80,632
Excess (deficiency) of revenues over expenditures	29,668	285,508	363,910	78,402
Other financing sources (uses):				
Operating transfers out	(113,000)	(113,000)	(157,086)	(44,086)
Excess (deficiency) of revenue and other financing sources over expenditures and other uses	(83,332)	172,508	206,824	34,316
Fund balance at beginning of year	1,739,691	1,739,691	1,739,691	-
Fund balance at end of year	\$ 1,656,459	\$ 1,912,199	\$ 1,946,515	\$ 34,316

See accompanying notes to financial statements

TOWN OF IOWA, LOUISIANA
SALES TAX II - STREETS

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended June 30, 2010

	Budgeted Amounts			Variance With Final Budget Positive (Unfavorable)
	Original	Final	Actual	
Revenues:				
Tax revenue	\$ 351,542	\$ 324,502	\$ 323,979	\$ (523)
Interest earned	1,200	700	677	(23)
Grants received	-	1,485	35,412	33,927
Miscellaneous	500	-	366	366
Total revenues	<u>353,242</u>	<u>326,687</u>	<u>360,434</u>	<u>33,747</u>
Expenditures:				
Current:				
General government	71,431	8,500	-	8,500
Highways and streets	<u>433,574</u>	<u>366,000</u>	<u>311,137</u>	<u>54,863</u>
Total expenditures	<u>505,005</u>	<u>374,500</u>	<u>311,137</u>	<u>63,363</u>
Excess (deficiency) of revenues over expenditures	(151,763)	(47,813)	49,297	97,110
Other financing sources (uses):				
Operating transfers in (out)	<u>70,452</u>	<u>70,452</u>	<u>63,505</u>	<u>(6,947)</u>
Excess (deficiency) of revenue and other financing sources over expenditures and other uses	(81,311)	22,639	112,802	90,163
Fund balance at beginning of year	<u>447,769</u>	<u>447,769</u>	<u>447,769</u>	<u>-</u>
Fund balance at end of year	<u>\$ 366,458</u>	<u>\$ 470,408</u>	<u>\$ 560,571</u>	<u>\$ 90,163</u>

See accompanying notes to financial statements

TOWN OF IOWA, LOUISIANA
SALES TAX III

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

Year Ended June 30, 2010

	Budgeted Amounts			Variance With Final Budget Positive (Unfavorable)
	Original	Final	Actual	
Revenues:				
Tax revenue	\$ 270,417	\$ 249,617	\$ 249,214	\$ (403)
Interest earned	9,060	6,000	5,814	(186)
Grants received	124,500	76,000	73,738	(2,262)
Total revenues	<u>403,977</u>	<u>331,617</u>	<u>328,766</u>	<u>(2,851)</u>
Expenditures:				
Current:				
General government	18,300	16,800	15,928	872
Culture and recreation	288,128	175,000	109,280	65,720
Drainage	300,000	175,000	185,377	(10,377)
Other services and charges	3,200	3,300	3,013	287
Total expenditures	<u>609,628</u>	<u>370,100</u>	<u>313,598</u>	<u>56,502</u>
Excess (deficiency) of revenues over expenditures	(205,651)	(38,483)	15,168	53,651
Other financing sources (uses):				
Operating transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Excess (deficiency) of revenue and other financing sources over expenditures and other uses	(255,651)	(88,483)	(34,832)	53,651
Fund balance at beginning of year	<u>580,102</u>	<u>580,102</u>	<u>580,102</u>	<u>-</u>
Fund balance at end of year	<u>\$ 324,451</u>	<u>\$ 491,619</u>	<u>\$ 545,270</u>	<u>\$ 53,651</u>

See accompanying notes to financial statements

TOWN OF IOWA, LOUISIANA
FIRE PROTECTION

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Tax revenue	\$ 60,000	\$ 60,000	\$ 89,150	\$ 29,150
Interest earned	3,500	3,500	4,475	975
Intergovernmental	2,000	2,000	12,980	10,980
Fire insurance	1,000	1,000	9,948	8,948
Grants received	-	-	7,665	7,665
Miscellaneous	2,000	2,000	45	(1,955)
Total revenues	68,500	68,500	124,263	55,763
Expenditures:				
Current:				
Fire protection	82,950	94,150	67,873	26,277
Excess (deficiency) of revenues over expenditures	(14,450)	(25,650)	56,390	82,040
Fund balance at beginning of year	444,276	444,276	444,276	-
Fund balance at end of year	<u>\$ 429,826</u>	<u>\$ 418,626</u>	<u>\$ 500,666</u>	<u>\$ 82,040</u>

See accompanying notes to financial statements

TOWN OF IOWA, LOUISIANA
PROPRIETARY FUND - UTILITY ENTERPRISE FUND

STATEMENT OF NET ASSETS
June 30, 2010

ASSETS

Cash and cash equivalents	\$ 125,278
Investments	329,664
Receivables (net, where applicable, of allowance for uncollectibles):	
Accounts	88,913
Due from other funds	33,334
Prepaid expenses	16,586
Deposits	100
Restricted assets:	
Customers' deposits-cash	69,135
Capital assets:	
Land, improvements and construction in progress	4,002
Other capital assets, net of depreciation	<u>2,495,341</u>
Total assets	<u>3,162,353</u>

LIABILITIES

Accounts payable	12,591
Other payables	3,292
Payable from restricted assets:	
Customer deposits	69,135
Due to other funds	<u>34,500</u>
Total liabilities	<u>119,518</u>

NET ASSETS

Investment in capital assets, net of related debt	2,499,343
Unrestricted	<u>543,492</u>
Total net assets	<u>\$ 3,042,835</u>

See accompanying notes to financial statements

TOWN OF IOWA, LOUISIANA
PROPRIETARY FUND - UTILITY ENTERPRISE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
Year Ended June 30, 2010

Operating revenues:	
Charges for services	\$ 839,512
Operating expenses:	
Salaries	215,739
Insurance	42,139
Repairs, maintenance and supplies	92,847
Utilities	55,952
Other services and charges	394,547
Depreciation	488,685
Total operating expenses	<u>1,289,909</u>
Operating (loss)	<u>(450,397)</u>
Nonoperating revenues (expenses):	
Interest earned	770
Miscellaneous	312
Total nonoperating expenses	<u>1,082</u>
(Loss) before transfers	(449,315)
Operating transfers in	<u>166,086</u>
Change in net assets	(283,229)
Net assets at beginning of year	<u>3,326,064</u>
Net assets at end of year	<u>\$ 3,042,835</u>

See accompanying notes to financial statements

TOWN OF IOWA, LOUISIANA
PROPRIETARY FUND - UTILITY ENTERPRISE FUND

STATEMENT OF CASH FLOWS
Year Ended June 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 836,201
Cash payments to suppliers for goods and services	(577,564)
Cash payments to employees for services	(215,739)
Net cash provided by operating activities	<u>42,898</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating transfer from other funds (net)	166,086
Interfund payable (decrease)	9,399
Net cash provided by noncapital financing activities	<u>175,485</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Miscellaneous proceeds received	312
Acquisition of fixed assets	(88,576)
Net cash (used in) capital and related financing activities	<u>(88,264)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Receipts of interest	770
Purchase of investments	(49,334)
Net cash (used in) investing activities	<u>(48,564)</u>
Net increase in cash and cash equivalents	81,555
Cash and cash equivalents:	
Beginning of year	<u>112,858</u>
End of year	<u>\$ 194,413</u>
Cash and cash equivalents at end of year consisted of:	
Unrestricted cash	\$ 125,278
Restricted cash	<u>69,135</u>
	<u>\$ 194,413</u>

(continued on next page)

TOWN OF IOWA, LOUISIANA
PROPRIETARY FUND - UTILITY ENTERPRISE FUND

STATEMENT OF CASH FLOWS
Year Ended June 30, 2010

RECONCILIATION OF OPERATING (LOSS) TO NET CASH

PROVIDED BY OPERATING ACTIVITIES

Operating (loss)	\$ (450,397)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation	488,685
Changes in assets and liabilities:	
(Increase) in accounts receivable and other receivables	(6,645)
Increase in accounts payable and other payables	7,921
Increase in customer deposits	<u>3,334</u>
Net cash (used in) operating activities	<u>\$ 42,898</u>

See accompanying notes to financial statements

TOWN OF IOWA, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2010

Note 1. Summary of Significant Accounting Policies

The Town of Iowa, Louisiana was incorporated June 26, 1952, under the provisions of the Lawrason Act. The Town operates under a Mayor-Town Council form of government.

The accounting and reporting policies of the Town of Iowa, Louisiana conform to accounting principles generally accepted in the United States of America as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guidance set forth in the *Louisiana Municipal Audit and Accounting Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

The Governmental Accounting Standards Board (GASB) Statement Number 20 (effective for financial statements for periods beginning after December 15, 1993) provides guidance on accounting and financial reporting for proprietary fund types and allows proprietary fund types to choose one of two options in applying pronouncements issued by the Financial Accounting Standards Board (FASB) after November 30, 1989. The Town of Iowa has elected to use the first option for reporting its activities. This approach applies all GASB pronouncements and FASB statements and interpretations, Accounting Principles Board (APB) opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Changes to FASB statements and interpretations, APB opinions and ARBs issued after November 30, 1989, would not apply unless adopted by GASB.

The following is a summary of certain significant accounting policies.

A. Financial Reporting Entity

The accompanying financial statements include the various departments, activities, and organizational units that are within the control and authority of the Mayor and Town Council of the Town of Iowa, Louisiana. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Statement No. 14 of the Governmental Accounting Standards Board. This statement defines

the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

Consistent with this criteria, the Town of Iowa, Louisiana has determined that the Fire Protection District No. 1 of Ward 8 of Calcasieu Parish is a component unit of the Town.

B. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the activities of the primary government.

The Statement of Net Assets and the Statement of Activities report financial information for the Town as a whole so that individual funds are not displayed. However, the Statement of Activities reports the expense of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and (2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

FUND FINANCIAL STATEMENTS

The Town segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The various funds are grouped, in the financial statements in this report, into three broad fund categories as follows:

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Funds - These funds account for all financial resources segregated for the acquisition or construction of major general government capital projects.

PROPRIETARY FUNDS

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. Measurement Focus and Basis of Accounting

Measurement focus refers to which transactions are recorded within various financial statements. Basis of accounting refers to when revenues and expenditures (or expenses) are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for government funds. The primary effect of internal activity (between or within funds) has been eliminated from the government-wide financial statements.

In the fund financial statements, governmental funds are accounted for using a financial resources measurement focus whereby only current assets and current liabilities generally are included on the balance sheet and increases or decreases in net current assets are presented in the operating statements. These funds utilize the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available to finance expenditures of the current period. Certain revenues such as sales tax, property tax, and charges for services are assessed and collected in such a manner that they can be accrued appropriately. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for principal and interest on general long-term debt which are recognized when due. Also, expenditures for accrued compensated absences are not recognized until they are payable from current available financial resources.

The proprietary fund, also in the fund financial statements, is accounted for and reported using a flow of economic resources measurement focus. This means that all assets and liabilities associated with the operation of these funds are included on the balance sheet. The operating statements for the proprietary fund present increases or decreases in net total assets.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

D. Budgets and Budgetary Accounting

The Mayor and Town Clerk prepare a proposed budget and submit same to the Town Council prior to the beginning of each fiscal year. The operating budget includes proposed expenditures and the means of financing them.

A summary of the proposed budget is published, a public hearing is held, and the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is adopted.

Any revisions that alter total expenditures of any fund must be approved by the Councilmen. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds. All budgetary appropriations lapse at the end of each fiscal year.

Budgets for the General and Special Revenue Funds are adopted on a modified accrual basis of accounting. Budgeted amounts are as originally adopted, or as amended by the Town Council.

During the year ended June 30, 2010, budgeted amounts for revenues and other financing sources were decreased approximately \$559,856 and expenditures and other financing uses decreased approximately \$512,817. The major part of these changes is represented by decreases in sales tax and grants and decreases in maintenance, repairs, flood control and park improvements from those amounts originally budgeted.

Encumbrance accounting is not used.

E. Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits and certificates of deposit. The Town considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Certificates of deposit are stated at cost. At June 30, 2010, the Town had no cash equivalents.

Louisiana State Statutes, as stipulated in R.S. 39:1271, authorize the Town to invest in United States bonds, treasury notes, or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. Investments are stated at cost.

F. Bad Debts

Uncollectible amounts due for ad valorem taxes and customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the receivable.

G. Interfund Activity

Interfund activity is reported as either loans, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

H. Capital Assets and Depreciation

The accounting and reporting treatment applied to capital assets associated with a fund are determined by their measurement focus. General capital assets are recorded as expenditures in the governmental funds and capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. The minimum capitalization threshold is any individual item with a total cost greater than \$1,500.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Plant	10 to 33 years
Machinery and equipment	5 to 10 years
Furniture and fixtures	5 to 10 years

I. Accumulated Unpaid Sick Pay

Accumulated unpaid sick pay was not considered material at June 30, 2010 and is not reflected in these financial statements.

J. Property Taxes

Property taxes levied in any one year are recognized as revenues of that year.

Note 2. Cash, Cash Equivalents and Investments

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it.

In accordance with a fiscal agency agreement which is approved by the Town Council, the Town of Iowa maintains demand and time deposits through local depository banks which are members of the Federal Reserve System.

Deposits in excess of federally insured amounts are required by Louisiana state statute to be protected by collateral of equal market value. Authorized collateral includes general obligations of the U.S. government, obligations issued or guaranteed by an agency established by the U.S. government, general obligation bonds of any state of the U.S., or of any Louisiana parish, municipality, or school district.

The Town's bank demand and time deposits at year end of \$3,874,753 (bank balances) were entirely covered by federal depository insurance or by pledge of securities owned by the financial institution in the Town's name.

Investments held at June 30, 2010, consist of \$1,517,814 in the Louisiana Asset Management Pool Inc. (LAMP), a local government investment pool (see Summary of Significant Accounting Policies). Of this amount, \$5,000 was restricted for a construction deposit. LAMP is administered by LAMP Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets.

The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

Interest rate risk. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. State law limits investments to United States bonds, treasury notes, or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having a principal office in the State of Louisiana. Local governments in Louisiana are authorized to invest in LAMP. The Town has no investment policy that would further limit its investment choices. As of December 31, 2009, the Town's investment in LAMP was rated AAAM by Standard & Poor's.

Concentration of credit risk. The Town places no limit on the amount the Town may invest in any one issuer. All of the Town's investments are in LAMP.

As of June 30, 2010, the Town had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Certificates of deposit	\$ 165,590	\$ 127,440	\$ 38,150	\$ -	\$ -
LAMP	<u>1,517,814</u>	<u>1,517,814</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,683,404</u>	<u>\$ 1,645,254</u>	<u>\$ 38,150</u>	<u>\$ -</u>	<u>\$ -</u>

Note 3. Individual Fund Transactions

Individual fund interfund receivables and payables are as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 4,408	\$ 48,780
Sales Tax Fund-Water Improvements	39,536	14,546
Sales Tax Fund-Streets and Parks	1,126	-
Sales Tax Fund-Streets II	38,636	22,011
Sales Tax Fund-Sales Tax III	2,797	-
Water Utility Fund	<u>33,334</u>	<u>34,500</u>
	<u>\$ 119,837</u>	<u>\$ 119,837</u>

Operating transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Streets II	\$ 53,292	\$ 123,744
Sales Tax III	50,000	-
Total General Fund	<u>103,292</u>	<u>123,744</u>
Sales Tax Water Improvements		
Water Utility Fund	<u>-</u>	<u>157,086</u>
Streets II		
General Fund	123,744	53,292
LCDBG Sewer Fund	<u>-</u>	<u>6,947</u>
	<u>123,744</u>	<u>60,239</u>
Sales Tax III		
General Fund	<u>-</u>	<u>50,000</u>
Water Utility Fund		
LCDBG Sewer Project	9,000	-
Sales Tax Water Improvements	<u>157,086</u>	<u>-</u>
Total Water Utility Fund	<u>166,086</u>	<u>-</u>
LCDBG Sewer Project		
Water Utility Fund	<u>-</u>	<u>9,000</u>
Sewer Improvements		
LCDBG Sewer	<u>6,947</u>	<u>-</u>
Grand totals	<u>\$ 400,069</u>	<u>\$ 400,069</u>

Note 4. Restricted Assets

Restricted assets were applicable to the following at June 30 2010:

General Fund:		
Construction deposit	\$	5,000
Enterprise Fund:		
Customers deposits-water and sewer maintenance services		69,135

Note 5. Changes in Capital Assets

Capital asset activity for the year ended June 30, 2010, was as follows:

	Beginning of Year	Additions	Deletions	End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 134,670	\$ -	\$ -	\$ 134,670
Construction in progress	19,975	48,452	-	68,427
Total capital assets not being depreciated	154,645	48,452	-	203,097
Capital assets being depreciated:				
Buildings	1,804,310	38,570	-	1,842,880
Improvements other than buildings	124,767	-	-	124,767
Furniture and equipment	1,162,329	30,958	-	1,193,287
Vehicles	633,087	120,458	-	753,545
Infrastructure	880,576	-	-	880,576
Total capital assets being depreciated	4,605,069	189,986	-	4,795,055
Less accumulated depreciation for:				
Buildings	829,542	40,115	-	869,657
Improvements other than buildings	112,482	4,767	-	117,249
Furniture and equipment	804,546	90,104	-	894,650
Vehicles	521,984	77,581	-	599,565
Infrastructure	336,078	80,488	-	416,566
Total accumulated depreciation	2,604,632	293,055	-	2,897,687
Capital assets, being depreciated, net	2,000,437	-	(103,069)	1,897,368
Government activities capital assets, net	\$ 2,155,082	\$ 483,041	\$ (103,069)	\$ 2,100,465

	Beginning of Year	Additions	Deletions	End of Year
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 4,002	\$ -	\$ -	\$ 4,002
Capital assets being depreciated:				
Plant and equipment	8,579,621	88,576	-	8,668,197
Machinery	213,310	-	-	213,310
Furniture and fixtures	5,360	-	-	5,360
Total capital assets being depreciated	8,799,291	88,576	-	8,887,867
Less accumulated depreciation for:				
Plant and equipment	5,715,868	478,689	-	6,194,557
Machinery	193,445	8,163	-	191,608
Furniture and fixtures	6,360	-	-	6,360
Total accumulated depreciation	5,905,673	486,852	-	6,392,525
Capital assets, being depreciated, net	2,893,618	398,276	-	2,495,342
Business-type activities capital assets, net	\$ 2,897,620	\$ 398,276	\$ -	\$ 2,499,344

Depreciation expense was charged to governmental activities as follows:

General government	\$ 31,354
Public safety	99,287
Highway and streets	61,745
Culture and recreation	56,078
Drainage	44,591
Total depreciation	\$ 293,055

Note 6. Capital Leases

The Town has financing leases for equipment that qualify as capital leases. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the assets. The assets are amortized over the lower of their related lease terms or their estimated productive lives. Amortization of the assets under capital lease is included in depreciation expense for the year ended June 30, 2010.

The following is a summary of property held under capital lease at June 30, 2010:

Vehicles	\$ 103,758
Less accumulated amortization	<u>20,752</u>
	<u>\$ 83,006</u>

The following is a summary of long-term liability under capital lease at June 30, 2010:

Long-term lease payable to Ford Motor Credit at 6.40% of \$39,622, payable in annual installments of \$14,035 each, due September 30, 2011. Lease is secured by equipment under the lease.	\$ 25,588
Long-term lease payable to Ford Motor Credit net of prepaid interest at 6.40% of \$64,136 payable in annual installments of \$22,718 each, due December 16, 2011. Lease is secured by equipment under the lease.	<u>41,419</u>
	<u>67,007</u>
Less current liability under capital lease	<u>32,464</u>
	<u>\$ 34,543</u>

The following is a schedule of the future minimum lease payments under the capital leases, together with the present value of the net minimum lease payments as of June 30, 2010:

<u>Year ending June 30,</u>	
2011	\$ 36,753
2012	<u>36,753</u>
Total minimum lease payments	73,506
Less amount representing interest	<u>6,500</u>
Present value of net minimum lease payments of which \$32,464 is included in current liabilities	<u>\$ 67,006</u>

Note 7. Ad Valorem Taxes

For the year ended June 30, 2010, taxes of 5.19 mills were levied by the Town of Iowa on property with assessed valuations totaling \$11,420,920 and were dedicated for general corporate purposes. Taxes of 9.32 mills were levied by the Fire Protection District No. 1 of Ward 8 of Calcasieu Parish on property with assessed valuations-net of exemptions totaling \$9,908,038 and were dedicated for the purpose of providing fire protection to the District.

Total taxes levied were \$59,523 and \$89,150, respectively for the Town and the District. Taxes receivable at June 30, 2010 consisted of the following:

	<u>2010</u>
Taxes receivable current roll	\$ 5,643
Taxes receivable prior years	<u>9,784</u>
	15,427
Allowance for uncollectible taxes	<u>8,647</u>
	<u>\$ 6,780</u>

Property taxes are levied November 1 and attach as an enforceable lien on property as of April 30.

Note 8. Dedication of Proceeds and Flow of Funds - 2.5% Sales and Use Tax

Proceeds of a 1% sales and use tax levied by the Town of Iowa, Louisiana (2010 collections \$498,429 is dedicated to the following purposes:

1. 80% of collections to be used for capital and other improvements of the Water Utility Fund.
2. 20% of collections to be used for improvements to the Town's streets and parks.

Proceeds of a 1% sales and use tax levied by the Town of Iowa, Louisiana approved by voters September, 2006 to expire June 30, 2017 (2010 collections \$498,429) are dedicated to the following purposes:

1. 65% of collections to be used for street, sidewalk, street lighting maintenance and construction, and sewerage treatment facilities maintenance and construction.
2. 35% of collections to be used for general administrative and general fund needs.

Proceeds of a 1/2% sales and use tax levied by the Town of Iowa, Louisiana approved by voters to begin July 1, 2002, for a period of ten years (2010 collections \$249,214) are dedicated to the following purposes:

1. Flood control maintenance and flood control purposes.
2. Economic development activities.
3. Capital improvements and maintenance to the Town Hall and Town Park.

Note 9. Retirement Commitments

Municipal Police Employee's Retirement System:

Plan description:

The Town of Iowa contributes to the Municipal Police Employees' Retirement System, a cost-sharing multiple-employer plan administered by the Municipal and State Police Employee's Retirement System of Louisiana. The Municipal Police Employees' Retirement System was established as of July 1, 1973, by Act 189 of 1973 and amended by RS 33:2371 of the 1986 session to become Municipal and State Police Retirement System of Louisiana. The system is a state retirement system which was created to provide retirement benefits for full time municipal police officers in Louisiana, and state police officers hired after January 1, 1987. The System is administered by a Board of Trustees of the Retirement Committee of the House of Representatives and the Chairman of the Senate Finance Committee, or their designees, to serve as voting ex-officio members of the Board. Historical trend information for this plan is included in the separately issued report for the Municipal Police Employee's Retirement System for the period ended June 30, 2009.

Funding policy:

Plan members are required to contribute 7.5% of their annual covered salary and the Town of Iowa is required to contribute at a statutorily determined rate. The current rate is 11% of annual covered payroll. The contribution requirements of plan members and the Town of Iowa are established and may be amended by the Board of Trustees. The Town of Iowa's contributions to the Municipal Police Employees' Retirement System for the years ending June 30, 2010, 2009, and 2008 were \$25,428, \$19,981, and \$25,485, respectively, equal to the required contributions for each year.

Municipal Employee's Retirement System

Plan description:

The Town of Iowa contributes to the Municipal Employees' Retirement System of Louisiana, a cost-sharing multiple-employer plan administered by the Municipal Employee's Retirement System, State of Louisiana. The Municipal Employees' Retirement System of Louisiana was established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana to provide retirement benefits to employees of all incorporated villages, towns and cities within the State, which did not have their own retirement systems and which elected to become members of the System. The System is administered by a Board of Trustees composed of nine members, six of whom shall be active and contributing members of the System with at least ten years creditable service, elected by the members of the System; one of whom shall be the president of the Louisiana Municipal Association who shall serve as an ex-officio member during his tenure; one of whom shall be the Chairman of the Senate Retirement Committee; one of whom shall be the Chairman of the House Retirement Committee of the Legislature of Louisiana. Act #569 of the year 1968 established by the Legislature of the State of Louisiana provides an optional method for municipalities to cancel Social Security and come under supplementary benefits in the Municipal Employees' Retirement System, effective on and after June 30, 1970. Effective October 1, 1978, under Act #788, the "regular plan" and the "supplemental plan" were replaced, and are now known as Plan "A" and Plan "B". Plan "A" combines the original plan and the supplemental plan for those municipalities participating in both plans, while Plan "B" participates in only the original plan. The Town of Iowa is a member of plan "A" of the retirement system. Historical trend information for this plan is included in the separately issued report for the Municipal Employee's Retirement System for the period ended June 30, 2010.

Funding policy:

Plan members are required to contribute 5% of their annual covered salary and the Town of Iowa is required to contribute at a statutorily determined rate. The current rate is 6.75% of annual covered payroll. The contribution requirements of plan members and the Town of Iowa are established and may be amended by the Board of Trustees. The Town of Iowa's contributions to the Municipal Employees' Retirement System of Louisiana for the year ending June 30, 2010, 2009 and 2008 was \$23,887, \$22,909 and \$22,591 equal to the required contributions for the year.

Note 10. Compensation of Mayor and Members of the Town Council

Salaries paid to the Mayor and council members during the year are as follows:

C. J. Scheufens, Mayor	\$ 12,500
Gerald Guidry	2,400
Larry Hardy	2,400
Jerry Lapearous	2,400
Thomas Talbot	2,400
Calvin Caesar	2,400

The Board members of the Fire Protection District No. 1 of Ward 8 of Calcasieu Parish received no compensation during the year ended June 30, 2010.

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OTHER SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds

Combining Balance Sheet
Combining Statement of
Revenues, Expenditures, and
Changes in Fund Balances

TOWN OF ICWA, LOUISIANA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2010

ASSETS	Special Revenues			Capital Project	Total Non-major Funds
	Police Streets	Parks and Asset Forfeitures	Sewer Improvements	LCDBG Sewer Project	
Cash	\$ 133,411	\$ 4,601	\$ 2	\$ 16,083	\$ 154,097
Certificate of deposit	8,016	-	-	-	8,016
Accounts receivable	689	-	-	-	689
Due from other funds	1,126	-	-	-	1,126
Total assets	\$ 143,242	\$ 4,601	\$ 2	\$ 16,083	\$ 163,928
<u>LIABILITIES AND FUND BALANCE</u>					
Liabilities:					
Accounts payable	\$ 406	\$ -	\$ -	\$ -	\$ 406
Fund balance:					
Unreserved	142,836	4,601	2	16,083	163,522
Total liabilities and fund balances	\$ 143,242	\$ 4,601	\$ 2	\$ 16,083	\$ 163,928

TOWN OF IOWA, LOUISIANA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2010

	<u>Special Revenues</u>			<u>Capital Project</u>	<u>Total Non-major Funds</u>
	<u>Parks and Streets</u>	<u>Police Asset Forfeitures</u>	<u>Sewer Improvements</u>	<u>LCDBG Sewer Project</u>	
Revenues:					
Tax revenue	\$ 99,686	\$ -	\$ -	\$ -	\$ 99,686
Interest earned	2,025	89	-	-	2,114
Grants received	3,000	-	4,741	-	7,741
Miscellaneous	150	-	-	106	256
Total revenues	104,961	89	4,741	106	109,797
Expenditures:					
Culture and recreation	103,152	-	-	-	103,152
Excess (deficiency) of revenues over expenditures	1,709	89	4,741	106	6,645
Other financing sources (uses):					
Operating transfers in	-	-	6,947	-	6,947
Operating transfers out	-	-	-	(9,000)	(9,000)
Total other financing sources (uses)	-	-	6,947	(9,000)	(2,053)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	1,709	89	11,688	(8,894)	4,592
Fund balance at beginning of year	141,127	4,512	(11,686)	24,977	158,930
Fund balance at end of year	\$ 142,836	\$ 4,601	\$ 2	\$ 16,083	\$ 163,522

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REPORT OF INDEPENDENT AUDITORS
ON INTERNAL CONTROL
AND COMPLIANCE

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Michael N. McGee, CPA
David M. DesOrmeaux, CPA
Paula J. Thompson, CPA

Quay J. Woods, Jr., CPA, Inactive
Robert E. Cargile, CPA, Inactive
William A. Mancuso, CPA, Inactive
Barbara Henson Gonzales, CPA, Retired
Judson J. McCann, Jr., CPA, Retired
Martin L. Chelotsky, CPA, CFE
Carl W. Comcaux, CPA, Retired
Gus W. Schram, III, CPA, CVA, Retired

CFE - Certified Fraud Examiner
MT - Masters of Taxation
CVA - Certified Valuation Analyst
CFP - Certified Financial Planner

REPORT OF INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor
and Town Council
Town of Iowa
Iowa, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Iowa, Louisiana, as of and for the year ended June 30, 2010, which collectively comprise the Town of Iowa, Louisiana's basic financial statements and have issued our report thereon dated November 30, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Iowa, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Iowa, Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Iowa, Louisiana's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be a material weakness. 10-1 and 10-2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Iowa, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Town of Iowa, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Town of Iowa, Louisiana's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board, management, and other state and federal audit agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Ms Elroy Quirk & Burch

Lake Charles, Louisiana
November 30, 2010

TOWN OF IOWA, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weakness identified?

☒ Yes ☐ No

Significant deficiency identified not

considered to be material weakness?

☐ Yes ☒ None reported

Noncompliance material to financial statements
noted?

☐ Yes ☒ No

(continued on next page)

TOWN OF IOWA, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2010

(Continued)

10-1 Segregation of Duties

Condition: Because of the entity's size and the limited number of accounting personnel, it is not feasible to maintain a complete segregation of duties to achieve effective internal control. For example, one employee currently receives the Town's mail, deposits its bank deposits and reconciles its bank statements.

Criteria: Effective internal control requires adequate segregation of duties among client personnel. For example, an individual responsible for the recording and reconciliation of transactions should not take custody of cash receipts.

Effect: Without proper segregation of duties, errors within the financial records or fraud could go undetected.

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures. Some specific control activities that should be implemented include:

- 1) A person separate from both the custody and recording of receipts should pick up the Town's mail and should open it in the presence of another Town employee.
- 2) A person separate from the custody and recording of receipts should be responsible for making the daily bank deposit.
- 3) All checks for both accounts payable and payroll should be reviewed thoroughly by designated check signers to ensure that all charges are appropriate.
- 4) Bank statements should be opened by either the Town Clerk or Mayor to determine that all cleared checks appear to be to known vendors for appropriate amounts and that all signatures appear to be authentic.
- 5) Payroll should be reviewed thoroughly and verified to source documents with special attention paid to overtime charges.

TOWN OF IOWA, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2010

(Continued)

6) Bank reconciliations should be reviewed by someone other than the Town's comptroller on a regular basis.

7) Require uninterrupted vacations for all employees and establish a schedule of rotation of employee responsibilities.

Response:

The Town of Iowa concurs with this recommendation. Management has implemented new supervision and review procedures such as further segregation of duties (an outside entity will reconcile bank statements; rotation of individuals to process payrolls), review and approval of supporting documents related to expenditures, and separation of duties related to opening and recording monies received.

10-2 Controls over Financing Reporting

Condition:

In our judgment, the Town's accounting personnel and those charged with governance, in the course of their assigned duties, lack the capable skills to prepare the financial statements and related footnotes in accordance with generally accepted accounting principles and to detect and correct a material misstatement, if present.

Criteria:

The Auditing Standards Board recently issued guidance to auditors related to entity's internal controls over financial reporting. Many small organizations rely on their auditor to generate the annual financial statements including footnotes. SAS No. 112 emphasizes that the auditor cannot be part of your system of internal control over financial reporting.

Effect:

Material misstatements in financial statements could go undetected.

Recommendation:

In our judgment, due to the lack of resources available to management to correct this material weakness in financial reporting, we recommend management mitigate this weakness by having a heightened awareness of all transactions being reported.

Response:

We concur with this recommendation. Management has implemented supervision and review procedures to the extent possible.

TOWN OF IOWA, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS
Year Ended June 30, 2010

09-1 Segregation of Duties

Condition: This finding was a material weakness relating to the entity's size and limited number of accounting personnel which made it impossible to achieve effective internal accounting control.

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Current Status: The condition still exists, however, it has been mitigated by the review procedures. See Finding 10-1.

09-2 Controls over Financial Reporting

Condition: This finding was a material weakness relating to the inability of the entity to produce financial statements and footnotes in accordance with generally accepted accounting principles.

Recommendation: We recommend management mitigate the weakness by having a heightened awareness of all transactions being reported.

Current Status: The condition still exists but management is mitigating its effect through review procedures. See finding 10-2.

09-3 Failure to Adopt Timely Budget

Condition: The Town failed to adopt a budget prior to July 1, 2008, for the fiscal year ended June 30, 2009.

Recommendation: The Town should comply with Louisiana budget law when adopting and amending its budget.

Current Status: This condition did not exist for the fiscal year ended June 30, 2010.